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A Thought for the New Year

By Henry Van Dyke

BE glad of life, because it gives you the chance to love and to work and to play and to look up at the stars. Be satisfied with your possessions, but not contented with yourself until you have made the best of them. Despise nothing in the world except falsehood and meanness. Fear nothing except cowardice. Be governed by your admirations rather than by your disgusts. Covet nothing that is your neighbor's except his kindness of heart and gentleness of manners. Think seldom of your enemies, often of your friends, and every day of Christ. Spend as much time as you can with body and with spirit in God's out-of-doors. These are little guide-posts on the footpath of peace.

Preparation for Executive Responsibilities*

By RICHARD FITZGERALD, M.E., C.P.A.

(Manager, Detroit Office)

An "executive" is a person active or skilled in the act, process or manner of doing things. In the sense that we are using the term it means one who coordinates, harmonizes and makes effective the individuals, experts, units, sections or departments; in other words, the men and materials comprising an organization, to the end that it perform the purposes for which it was established.

GROWTH OF ORGANIZATION

To understand and appreciate a subject, one must go back to its beginnings; and, as the evolution of the executive is bound up with industrial organization, it is necessary to review the growth of our present economic system.

PRIMITIVE CONDITIONS

In the earliest recorded history of mankind we find an agricultural and pastoral people with simple tastes and simple needs, living in family groups. From the land the family produced food, the materials from which clothing and shelter were made, and the means of transportation—in the shape of crude wagons constructed from timber and drawn by oxen, bred and raised on the family lands.

TRIBAL SYSTEM

Primarily, for purposes of protection and also for religious and social purposes, families in time organized into tribes, and selected a tribal leader, or chief, who built for himself a castle on the crest of the highest hill in the neighborhood, surrounding himself with soldiers and retainers who did no work on the land, but devoted their attention

to police work, and to such fighting as was necessary to protect the tribe, with perhaps more or less of unnecessary aggression against neighboring tribes, just as we have unnecessary wars in our times.

Neither the chief nor his retainers did any productive work, and it was necessary for those of the tribe who did to produce, not alone enough for their own maintenance, but also to provide for the maintenance of the chief and his soldiers and retainers. To one family was assigned the work of providing them with shoes; to another, that of providing them with clothing; to another, that of providing them with meat, etc.

We may consider this the first step toward our modern industrial system. A class had arisen which was maintained out of a surplus produced by the workers—this class affording, in exchange for its maintenance, protection and security for life and property. For the first time in the world's history an organized effort—somewhat crude in form, it is true—was made to produce a surplus over the needs of the producer.

THE ARTISAN

From this beginning certain of the workers became specialists and devoted their entire time to producing shoes, cloth, clothing, furniture, vehicles, etc. The next great step was when these artisans left the land and moved close to the castle, establishing a little colony around it. This was the beginning of the great movement from the land to the cities, which still continues and which some people deplore, but which the economist knows to be inevitable.

*An address delivered at Walsh Institute, Detroit.

Gradually the people on the land in bringing cattle on the hoof, hides, grain, grapes, etc., to the chief, as compensation for his protection, also brought, out of their surplus, sufficient for the maintenance of the little colony of artisans that surrounded the castle, and in exchange received shoes, clothing, wine and other manufactured articles.

This was the second great step toward modern industrial organization. It marked the crude beginning of the division of labor. The worker on the land no longer fabricated his raw materials for the use of himself and his family. He brought the crude hides to the artisan, who in turn fashioned them into shoes and exchanged these shoes for food, clothing, raw materials, etc. It marked the crude beginning of trade and barter, and also of our great modern cities.

MONEY

It was quite natural that from time to time there should be an excess of supply over demand; and no doubt, occasionally, the weaver, the tailor, the tanner and the shoemaker had an excess of merchandise on hand, and probably went hungry because it could not be exchanged for food supplies. Under such circumstances it is not difficult to imagine that the artisan of one tribe might have endeavored to exchange his excess of cloth for the excess flour in the hands of the artisan of another tribe. It is conceivable that foreign trade had its inception in this manner.

At a later period many chieftains combined under a great chieftain, or king, and undertook military operations in distant lands. In this way the inhabitants of the cold regions of Northern Europe became acquainted with the people who lived in the semi-tropical countries adjacent to the Mediterranean; the skilful artisans of the Hanseatic towns came to exchange their finely manufactured wares for the spices, luscious fruits, wines and oils

of the Islands of the Aegean Sea; and the people of Britain exchanged tin from the Cornish mines for the silks and amber that the Phœnician adventurers brought from their homes on the shores of the Levant.

The business of exchanging a bale of silk for a certain number of pairs of shoes, or cattle on the hoof for a certain number of bales of cloth, was not a very pliable method of exchange; so people resorted to the expedient of exchanging one or other of the precious metals—gold and silver—for what they required. These metals became, and are now, the measure of the labor expended in converting the raw products of the earth to the form in which they are available for the use of man.

The growth of domestic and foreign trade and the enormous volume of trade necessitating a medium of exchange early gave rise to acceptances, bills of exchange, promissory notes and other forms of negotiable instruments in practically the form we know them. These are based on the credit and good faith of individuals, of banking organizations, and sometimes of nations, and the hope and expectation that they will be redeemed at some future time in gold or the equivalent thereof.

SUMMARY—BEGINNING MIDDLE AGES

So we come to the Middle Ages with an economic system in which had already developed: (1) organizations for defense (feudal system); (2) the skilled artisan; (3) cities; (4) money and exchange.

CAPITALISTS

During the Middle Ages another great class arose—the merchant princes and bankers who purchased the wares of the artisans, transported them to distant cities or over seas to other lands, and sold them at a profit. This class financed the artisans and found markets

for their wares; they owned immense warehouses, fleets of sailing ships, camel trains and the best and fleetest means of transportation the world then afforded. They controlled markets, transportation, currency and the credit of the world as it then was.

SUMMARY—BEGINNING INDUSTRIAL REVOLUTION

Conditions at the beginning of the nineteenth century were practically, from an economic standpoint, the same as they had been throughout the Middle Ages. The artisans were better trained, each trade had developed a most exclusive guild or trade union, a rigid apprenticeship was enforced, and restrictions were imposed on those who sought to enter a trade. This tended to limit the number of artisans, and, with the limitation of artisans, there was, of course, a limitation of production. Artisans had gained concessions from the state, and their guilds operated under charters granted by emperors, kings, princes or states. The power of the great nobles or chieftains was broken, the feudal system had passed away, but people still led very simple lives and were satisfied with the bare necessities of life. Luxuries were beyond the reach of the common people and enjoyed only by the great nobles and merchant princes.

The one difference was, that capitalism as we know it had taken the place of feudalism. Merchant princes and bankers were courted by emperors and kings and were in control of the industrial system as it then existed. There were no factories as we understand the term. Here and there shops for the weaving of cloth, the carding of wool, etc., might each employ a score of artisans, but, in general, the work was done by an artisan and his one or two apprentices. He bought the raw materials from the farmers in the neighborhood, sold them his manufactured wares, the excess of which he marketed

through the merchant prince of his locality. The history of these times is very interesting, and I wish I could go into it at greater length here, but there is not the time, and, moreover, it is not material to the points I wish to make at this time.

MACHINERY

The early years of the nineteenth century marked the beginning of what is known as the industrial revolution. Great minds were applied to the problems of manufacturing, and machine after machine was invented to perform, by the hundreds and thousands, operations which had been performed laboriously, unit by unit, by the hands of the artisan. The great struggle the guilds and trade unions put up against the introduction and use of machinery, and how machinery finally won, is a most interesting story.

Great philosophers, divines and economists of that age arrayed themselves on the side of the artisan, and the dire consequences that were predicted if machinery were introduced to take "bread out of the mouths of honest tradesmen" furnish amusing reading for this generation. You should all read of these times—they will give you a more complete understanding of the age in which we live. But to continue: invention followed invention, and, as an example, the making of shoes, from being one trade and a function performed by a single individual, finally resolved itself into a series of 122 operations, performed on several suitable types of machines. The condition developed in every industry, until in our time the problems of finance, production and distribution are extremely complex.

TRANSPORTATION

The next great factor was the inventions pertaining to and development of transportation—the steam-engine, steamship and automobile. Voyages to the most distant points on sea and land have become matters of schedule, where

the time of arrival and departure may be regulated to the hour. The shipment of merchandise to a foreign country, instead of being a "venture," as it was called before the industrial revolution, has become a certainty, or as reasonably so as anything on this earth may be. The people at the extreme of the earth are our neighbors, and the wares of Brockton, Mass., are on the shelves of the stores in Buenos Aires, Paris, Shanghai and Melbourne, while the Ford automobile is to be found recorded on the license register of Bangkok and throughout the entire world.

COMMUNICATION

Concurrent with the development of transportation, the means of communication were perfected. The mail service was organized and cheap postage rates afforded. Naturally, with the improvement in the means of transportation, letters were conveyed to their destination and delivered rapidly. The introduction of the telegraph and the laying of submarine cables made it possible for us to flash ideas to distant points, and under seas to foreign lands, with the speed of light. The telephone makes it possible for us to conduct conversations over thousands of miles of land, practically instantaneously.

SUMMARY—OUR TIME

The tribal chieftain, his castle and political system have crumbled to dust, but the little economic structure that grew on the hillside under his battlements still remains. It is the prototype of our great, modern industrial system, and through the changes the ages have brought, the simple beginnings are still plainly discernible. My lord's artisan required (1) raw materials, (2) tools, (3) finished merchandise to exchange for raw materials, (4) a market for finished merchandise.

Is there any difference between these requirements and those of a modern industrial organization? It must have (1) capital: (a) a plant, (b) raw ma-

terials, (c) cash to exchange for raw materials; (2) a market for its products.

The only difference is in magnitude and volume of transactions, width of market and form of organization.

MODERN INDUSTRIAL ORGANIZATION

The individual artisan or the master tradesman, prior to the industrial revolution, had a comparatively easy task; he did not have to seek very hard for his raw materials, a market for his wares was easily found, and he could encompass his entire shop within his physical vision. The introduction of machinery resulted in a minute division of labor; the production of, say, cloth, instead of being one trade, became a series of standard operations, and by the segregation of such as required little or no skill in performance, and the relegation of these to unskilled labor acting as tenders of more or less automatic machinery, it became possible to produce in huge quantities at a low production cost.

In the meantime population had increased considerably, large cities had grown up and classes had arisen, such as lawyers, doctors, engineers, those engaged in the work of government, transportation and communication, who did not work in direct production, but who were necessary to the welfare of the state and had to be maintained from surplus production. Another result of the introduction of machinery was the giving of more leisure to the working classes. They did not have to work as many hours a day as formerly and had time to give to the finer things of life—the arts, science and education. This naturally resulted in a demand for better houses, clothing, food and furniture. Things that were formerly considered luxuries only within the reach of the rich were to be found in the possession and in the household of the common people.

From the industrial revolution to the present time life has in every way be-

come more comfortable and bearable. The reduction in the cost of production wrought by the use of machinery made it possible for people of moderate means to purchase things that they formerly could not afford. This alone resulted in a widening of markets and a stimulation of industry without precedent.

There was another factor which had also much to do with the widening of the markets—the improvements that had been made in transportation and communication. Industries were located in districts or sections of the country adjacent to raw materials, power, skilled labor, etc. The shoe industry settled in Massachusetts, the rubber industry in Ohio, the automotive industry in Detroit, etc. These industries found their customers throughout the entire world. No longer did the personal relation of early days exist with customers; competition became more and more intense and goods were bought and sold on the basis of quality and price.

SALESMANSHIP—ADVERTISING

The specialist in markets was born in the fiery furnace of competition; the man who could create a desire in the minds of people for a certain brand of ware by broadcasting its virtues through the great modern engines of publicity—the advertising expert, and the man who could deal directly with customers and induce them to buy his wares—the expert in salesmanship. These two classes of experts are trained in the development of markets and need know nothing of the other branches of industry.

MANUFACTURING

As it is the function of the market expert to dispose of the wares produced by the manufacturing department, so is it the function of this department to produce wares in quantities and of suitable quality to fill the orders taken by the former. It must comprise within itself the necessary skill to operate its

machinery, train its unskilled labor to the use of this machinery and to produce merchandise to the ultimate limits of its capacity. It may, and usually does, comprise within itself a number of subdepartments and executives, all reporting to the general factory executive who is an expert in the science and art of manufacturing.

RAW MATERIALS

The business of procuring raw materials is a highly specialized work in our modern industrial system, and is handled by a purchasing agent who has made it his lifework and specialty to know materials, quality, prices and everything about them that might prove helpful to him in his work. His duty consists of securing materials in quantities sufficient to keep the manufacturing end of the business in effective operation, of suitable quality and at the lowest prevailing price.

SUMMARY

We have, therefore, the great modern industrial organization marketing its wares in far-flung and ever-widening markets, divided into three essential functions: purchasing, manufacturing, merchandising. Each is a separate department, a little world unto itself, under the leadership of a highly trained specialist.

PROFIT

Modern industrial organizations have for their primary object the securing of profit. Stockholders contribute their money for the construction of factories and facilities and to supply working capital in the hope of securing dividends, and, as you know, a great deal of capital is required to enable one to engage in business in this stage of our economic development. Now the Soviet system has not been a success in Russia, and there is no reason to believe that it could ever be anywhere else, so if we left the business of securing a profit to a committee composed of our

three specialists in purchasing, manufacturing and merchandising we should not get anywhere, since each would consider only his own end of the business and no one would have a sufficient knowledge of the work of another to afford or secure the necessary coordination and cooperation.

GENERAL ADMINISTRATION

Now the possibility of securing a profit might be destroyed by one or all of the foregoing department heads. The purchasing agent might buy at too high a price; he might buy materials of inferior quality or that are entirely unsuitable; he might tie up the manufacturing and merchandising departments by failing to secure delivery of an adequate supply of materials and supplies; he might, on the other hand, purchase materials and supplies in excess of the needs of the business, and in this way tie up large sums of money, the interest on which would, in a large measure, offset any profit that might be secured. He might speculate in raw materials and cause losses in merchandising unconnected with the plain purposes of the industry.

The factory manager might induce a loss by failing to utilize his labor and facilities to their limits of productivity; by destroying materials in process of manufacture; by manufacturing in excess of sales requirements, and in this way investing large sums of money, the interest on which would substantially offset any profit that might be realized.

The merchandising department might cause losses by failing to keep the factory manager informed as to market requirements, quantity and quality; by selling at a price below cost; by stimulating markets; by excessive advertising and selling beyond the capacity of the manufacturing department. It is apparent from this that the purchasing, manufacturing and merchandising departments of a business must be coordinated under the direction and leader-

ship of a specialist of still another kind—the general administrator versed in the art of securing profit.

EDUCATION OF GENERAL EXECUTIVE

The general executive, as distinct from the technical executive, must have peculiar knowledge and equipment. He must understand modern industrial organization, the place of each department in the profit-making scheme; he must know finance, and above everything, accountancy.

ACCOUNTANCY

Accountancy is the language of business, it is the means of measuring the results of enterprise and the worth of men and materials in the effort toward results.

KNOWLEDGE

A general executive must know the following subjects, which are the basis of our economic structure:

Law.—He must know the law, so that he may keep the relations of his organization and his subordinates in accord with the rules of action formulated by time, experience and the state, for the guidance of all.

Finance.—As money is the measure of industrial results, he must know finance—the operations of money and exchange.

Economics.—He must know the unchanging laws of economics, which may be stayed for a time by man, but which eventually assert themselves. Those who in the organization, conception or operation of an industry violate any of these laws eventually suffer for it.

Bookkeeping.—He must understand the principles of record keeping and bookkeeping, so that he may see to it that the history and results of the business are properly recorded, and so that he may be able to read these results and understand their significance himself.

(Concluded on page 12.)

More About the Flowery Kingdom

By HARRY C. McCLUSKEY

(New York Office)

WE were very much surprised when entering Shanghai to see so little real Chinese scenery. The river was lined with modern looking factory buildings, docks and warehouses or, as they call them there, "Godowns," and seemed to be filled with ships of all sizes, shapes and forms—merchantmen

Chinese fiddles and tons of fire crackers. The holidays lasted for a week and everyone, excepting the Chinese, were glad when it was peaceful again.

Chinese New Year, which is calculated according to the moon, is the most important period in the year to the Chinese. All debts are paid and ac-



Some of Our Family

and men-of-war, junks, the latest type of motor ships, pleasure craft and sampans.

The Bund, the street facing the river in the downtown section, reminds us of Michigan Avenue in Chicago. Modern buildings face a wide street and parkway and motor cars make life miserable for the Chinese.

Back from the Bund modern buildings are set next to Chinese shops and the streets are narrow like downtown New York.

We spent the Chinese New Year in the hotel to the tune of tom toms,

counts collected and, it is rumored, all the Chinese take a bath. It is also a time when certain Chinese go to the country (country unknown) for their "financial" health. The loss of "face" is fatal, both socially and commercially, so we must excuse this kind of traveler.

We were fortunate after living as paying guests (they have no boarders in Shanghai) for a few weeks to be able to lease a furnished house, and this was when our fun and trouble commenced.

The Chinese servant, we found, is either the best there is or he is a

pirate. We picked a sort of mixed crew.

It is necessary in almost every instance to engage an outfit of servants who are friends or relatives. If you do not at first you will certainly do so later, for strange Chinese can seldom work together in the same household.

Following the advice of our friends, we engaged a cook, who in turn hired a boy and coolie and gardener. The Master engaged a ricksha coolie and the Missee an amah or nurse. The ricksha coolie was replaced by a "mahfoo" or coachman and a footman, and these two were later fired in favor of a chauffeur and a Henry. A table showing the wages paid the servants will give an idea of living costs in Shanghai.

	Per Mo.
Cook	\$10
No. 1 boy.....	9
Coolie	5
Ricksha coolie, including rick- sha	9
Amah (nurse).....	11
Mahfoo, foot- man, one horse and coach....	35
Chauffeur	15
Gardener	2

The monthly remuneration of the cook is enhanced by commissions, or, as they call it in China, "squeeze," usually 5 or 6 per cent. received from the compradore shops (grocery and meat markets) and from the profit he makes in selling chow to the rest of the household servants. It is understood that the cook uses your fire for cooking the servants' chow

and it is "suspected" that some of the Master's supplies are not used for the purpose for which they were purchased. It is also "suspected" that Shanghai cooks not only use the Master's fire and supplies for the servants' chow, but that he cooks and takes home chow for all their family, relatives, friends, and even enemies.

The No. 1 boy adds to his income by collecting a fee from all vendors of curios, tailors, etc., who wish to interview the Master or Missee. He will also collect "cum sha" or squeeze, for all sales which the vendors make. Should the laundryman fail to "come across" you will have to get a new one, for somehow or other things will get lost and delays will ensue.

This system of "squeeze" is an inborn habit with all Chinese from the coolie up to the highest officials and it is not considered a dishonest practice; in fact, it is expected in all business dealings in

which Chinese are interested.

The house coolie squeezes by selling all the empty bottles, the chauffeur by commissions on gasoline and oil, both on purchase and sometimes sales, and the ricksha coolie by doing a little running on the side when he thinks you will not require his services. To enumerate all the methods used by Chinese



The Shanghai Subway

in extracting squeeze would take volumes and the author would never finish as new squeezing schemes are being invented daily.

The Chinese servant, aside from a few faults, is wonderfully efficient and faithful. He is always polite, prompt and he tries in every way to make things comfortable. You need not worry if you give a dinner to ten couples, even though you have table service for only six. When dinner is served there will be plenty of dishes and a sufficient number of knives, forks, spoons. A Shanghai Misseé dining out will invariably look to see if she is eating with her own silver and wonder who owns the few odd dishes that do not seem to match the rest of the service.

But enough of servants. We miss them all, and it was only with sadness we left them weeping on the dock as we sailed for home.

Chinese shops in Shanghai may be divided into two classes, semi-foreign and Chinese. The semi-foreign shop will have a front like our buildings at home with windows and doors, but painted all colors of the rainbow and covered with birds, dragons and fish formed with the concrete.

The inside may be kept clean and merchandise well laid out or, as is often the case, a good looking shop

from the outside will be as dirty and mussy as an ordinary Chinese shop. The Chinese shop consists of a space sometimes as small as 8x6 feet up to 20x15 feet square and without doors or windows. In the morning the entire front of the shop is taken down in sections and stored until evening, when it is put up again. The shop when opened for business is exposed more

or less to the weather, except where protected by an awning. In some parts of Shanghai may be found groups of shops selling the same kind of merchandise, like clothes, silks, etc., but ordinarily a meat shop may be located next to an iron worker, chow shop next to a coffin factory and a piece goods store next to a garage, which, by the way, is only large enough for one car.

The chow shops cook all kinds of Chinese food, which is sold and taken home by customers. They also serve a few customers in the shop—or on the

sidewalk if they are overcrowded with four or five diners. The Chinese buy practically all their chow from these shops, even including hot water for making tea. In a way, it is not so very different from the "delicatessen movement" in New York. The food cooked in these shops consists of rice, tea, meat, fish and several kinds of breads boiled in oil.



Watergate—Soochow

A great amount of Chinese chow is cooked in oil made from beans and is not unlike our vegetable oils at home, excepting that it is not refined or deodorized. The continual boiling of this oil creates a lot of smoke and an odor which seems to be present everywhere. The stoves are generally made of wood and look like sawed-off barrels. They are lined, however, with a clay which keeps them from burning. Charcoal is used for fuel and should the fire burn low the Chinaman opens a little side

than one look, for then he may become as other Shanghailanders, so hardened that no self-respecting germ would bite him. Pigs and sheep hang in front of the shop exposed to the wind, dust and millions of flies.

The Union Stock Yards in Chicago have nothing on the Chinese butchers, and there is no doubt that if he could sell the squeal of the pig he would save that also. The customer carries his meat home (unwrapped) with a grass string around it, to keep his hands clean,



Scene From Our Houseboat

door and fans the coals with an ordinary fan. It was surprising at first to see this operation, but like everything else in China, you get used to it. If something is not strange it will attract your attention at once.

If anyone is threatened with an overdose of fat and wishes to reduce without the aid of exercise or phonograph records, let him take one good look at a Chinese meat market and depart in peace. If you will follow these instructions a sylph-like figure is guaranteed. But the patient is warned against more

I suppose. In his other hand you will perhaps find a neat package of carefully wrapped carrots, but why go on—everything is “upside down” in China.

One of the strange sights of Shanghai is the dress of the Chinese. The ladies are dressed in short jackets and trousers and the men in gowns reaching to their slipper tops.

The Chinese ladies, like our own, dress according to the wealth of the husband. The poorer women of the coolie class wear suits made from a blue cloth that looks like the familiar overall

material at home. On Sundays and holidays it may be changed for garments of black. But those who have the means would make our Fifth Avenue flappers turn green with envy.

Imagine a young Chinese girl with her black hair well greased so that no stray hair blows in the wind, braided in a long rope reaching to her knees and "bangs" covering her forehead, dressed in a purple highly embroidered jacket and trousers reaching half-way between the knees and slipper tops, with perhaps white hose and red slippers, the whole outfit being made of the finest silks. Earrings and hair ornaments of jade almost invariably add color to the picture. If she belongs to the old conservative type, she may walk along with a sort of "hobble" step on her dainty bound feet.

And speaking of bound feet, it should be mentioned that the custom of making

the feet small is not extinct and is not confined to the wealthy or well-to-do Chinese. The coolie women are also addicted to the practice and seem to be as proud of their deformities as their more fortunate sisters.

The older and married women wear their hair greased and combed straight back from their foreheads, but rolled up on the back of their heads. That is, if they have any hair. It is a common sight to see an old lady completely bald walking down the street on a cold day with no covering on her head, for no Chinese woman who is "dressed up" will wear a hat.

And just as the hero was forced backward to the edge of the yawning pit by the forty pigtailed Chinese pirates, he—

(Continued in our next)

Preparation for Executive Responsibilities

(Continued from page 7)

General Information. — He must know industrial history, for we are but an evolution of all the things that happened from the beginning to our own times; and without a foundation of this knowledge it is not possible to have a broad understanding or vision of our economic structure. He must have a knowledge of men and affairs, so that he may be able to consider and apply evidence offered by experts.

DUTIES

It is the duty of the general executive to see to it that the experts perform their functions in accordance with the general scheme to coordinate the work of departments; to lay down a general plan to the end that, within the financial limits of the enterprise, and making due allowance for market conditions—(1) the maximum quantity of merchandise may be sold; (2) manufacturing may be

governed by the sales requirements and goods fabricated only as required; (3) purchases may be made in accordance with manufacturing requirements.

BUDGET

A general executive should be competent to formulate a budget, reducing in advance, to figures, the financial results aimed at over a given period, showing a project balance sheet and income and expense statement built up from a detailed projection of the results in each department. There is no reason why this should not be done. A business operating without a coordinated financial plan is like an office building in course of construction without architectural plans. As the aim is profit and the results depend on many individuals, each should be furnished with a concept of his responsibility and a statement of the results he must produce, in order to achieve the desired general result.

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The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvement; to encourage and maintain a proper spirit of cooperation and interest and to help in the solution of common problems.

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Twenty-fifth Anniversary

On January 1, 1923, the firm of LYBRAND, ROSS BROTHERS AND MONTGOMERY arrived at the twenty-fifth anniversary of the founding of the firm. During the month of January our various offices celebrated the rounding out of a quarter century of firm history. The February issue of the LYBRAND, ROSS BROTHERS AND MONTGOMERY JOURNAL will be especially devoted to reports of the anniversary celebrations and to our account of the experiences

and accomplishments of the firm during the quarter century.

Pleasure From Work

(From The Pace Student)

Work is the greatest boon ever given to man or woman. When well done it brings a kind of satisfaction and happiness which spring from no other source. The man to be pitied is the idler, the loafer, who, because relieved of economic pressure, fritters away his time searching for amusement and new thrills. Happiness never comes to him, but boredom and dissatisfaction do—they are with him constantly. Many a man who has looked upon his daily work as drudgery and as a means to the accumulation of a fortune which would enable him to retire from business, has found out later that his work was, after all, his source of real pleasure, and he has returned to it.

The history of every man and woman who has achieved real success in business or professions is the history of congenial work enthusiastically done. There are few exceptions to this rule. On the other hand, failure, or, at best, mediocrity is the bitter outcome of work done in the spirit of inner revolt and outward sullenness.

And so select your work with care—the kind you would like to do because of your temperament. Then look upon your daily task as an opportunity, and take pride in performing it painstakingly and joyously. Nine times out of ten the financial reward will come as a natural consequence of your love for the work itself.

Come Down to Earth

BY FRANK A. KNAPP

(From Trained Men)

From my office window I see five men on top of a neighboring building.

They are putting on a new tar and gravel roof. One of the men smears the liquid tar on with a big brush. Another scatters the gravel with his shovel. Two of them are sparring with each other over at one side. The fifth sits on a pile of sacks filled with gravel to keep them from being blown off the roof, I guess. Five are being paid by someone for the work two are doing.

Yet we wonder what's the matter with the world today!

The other day I stepped in at one of the clubs in town. Up in a card room seven well-known men were seated around a table, playing poker; two presidents, a vice-president, an advertising manager and a lawyer. It was half past two in the afternoon.

Yet we wonder what's the matter with the world today!

Across the court from my office I see a young typewriter salesman sitting with his feet on his desk and puffing away at a cigarette. He seems to be meditating. Probably he is wondering where business has gone to. My typewriter is about ready for the junk heap. If an aggressive salesman were to call on me today he could probably sell me a new machine.

Yet we wonder what's the matter with the world today!

The building across the street is being painted. The scaffold is swung at the third floor. Two painters spend nearly thirty minutes getting ready to go to work. Finally they are comfortably seated. At every sound from below—the honk of an automobile horn, the squeak of somebody's brakes, the call of the newsboy—they stop work and look down. There is a fat fellow leaning against a lamp post watching them. I guess he is the foreman. Half an hour before quitting time they begin to get ready to quit.

Yet we wonder what's the matter with the world today!

A banker passes by at 11:15 each morning. Comfortably enclosed in his limousine he is going in the direction of his place of business. Perhaps he goes each day to call on customers in the outlying districts. Perhaps he thinks it won't make much difference when he reaches his desk. Perhaps.

Yet we wonder what's the matter with the world today!

There's a bobbed-hair stenographer in somebody's office across the street. When the boss isn't looking she fusses with her hair, puts her lips before a little hand mirror and daubs at her cheeks. When he goes out she doesn't work, she doesn't read, she doesn't knit. She just sits and sits.

Yet we wonder what's the matter with the world today!

The day was warm. A young man stopped his car out in front to adjust his carburetor to the marked change in the temperature. Within five minutes it was necessary to call the police to clear the street and the sidewalk. Nearly a hundred people were more vitally concerned with watching a young man adjust his carburetor than with going about their business.

Yet we wonder what's the matter with the world today!

A friend of mine has a patented automobile accessory which everyone says is a "gold mine." For four years now he has been trying to get some manufacturer to adopt it as a standard equipment. When I suggested to him that there were already 7,000,000 car owners who were good prospects, many of whom would buy if given the opportunity, he said: "Oh, I know that; but it's too much work."

Yet we wonder what's the matter with the world today!

OFFICE NOTES

Slogan for 1923

*Bite off more than you can chew, then chew it;
Plan for more than you can do, then do it;
Hitch your wagon to a star,
Do what's right, and there you are.*

Roger W. Babson.

Boston

A paragraph of retrospect is appropriate in this issue. Seven and a half years ago Mr. Keller opened the Boston office at 50 Congress Street. It was shared with a brokerage firm and a consolidation of small electric light companies in which Mr. Keller served as an officer. One quarter of the time of a stenographer and assistance one day a month by the bookkeeper represented "The Staff"! Since those days our tide has flowed continuously. Many able and attractive young men and women have come to us and some have left, to marry, to set up for themselves or to accept positions with clients. All who were "real" are our friends; once genuinely of us the tie is never entirely broken. It is difficult to have them go; the familiar faces are missed, but our rule is to help them to success in their new fields all we can. Well, in spite of the coming and going and marrying we have kept on until today we count well over 80 in our family. We intend, the whole of us, that we shall keep on growing.

We ordinarily keep from very personal remarks, at least from the kind that brink inkwells, paper-weights and other missiles on the remarker's head. But have you seen "Tommy"? Contaminated by a long job in New York he has appeared in this quiet, peaceful office with a new suit! And what a suit! In New York it is doubtless good, splendid form (so's "Tommy's," particularly what stuffs his shirt

bosom); but in Boston it marks him as a bad character, one who would sell bad rum or "Jurgen." We are going to tame and dye him!

The Boston office, refusing to concede to New York all the honors of authorship, is now receiving applause and congratulations on account of the issue, on January 12th, of Mr. E. E. Wakefield's "best seller," entitled "Massachusetts Tax Procedure." This work covers in concise, practical form the information necessary for meeting the ordinary requirements of all Massachusetts taxes and is of interest to taxpayers in general and accountants and lawyers in particular. Amendments of the law and all revisions of the regulations of the Commissioner of Corporations and Taxation, to January 1, 1923, have been considered in preparing the text. Although the principal part of the book is devoted to the personal income tax and the excise tax on business corporations, all the other important forms of Massachusetts taxes, such as local taxes, the inheritance tax and the stock transfer tax, are discussed.

*MARTIN PICKS HIS ALL-AMERICAN TEAM

Most people undertake the picking of an All-American Football Team with many misgivings; not so with our Ken, who, when interviewed by our fairest reporterine, stated: "I am absolutely sure the team I pick will never be beaten. It is as follows: Sanborn,

the light, for center, because he is so snappy. Hughes and Boutelle, though stringy, for guards—you simply can't put anything over on them (they are too tall). Blake and Bottomley, fat but fast, for tackles; anything they fall on is done for, it stays tackled! For ends we want men who are fast (in a perfectly respectable sense). Ladd and Place are the men; they can slip away from anyone and run under kicks better than any men I know. For quarterback we have a wonder in Wakefield. He can pick immediately the one best line of attack and with Gannett and Angell to carry out his plays the shock-attack would be unholdable. Only an expert mountain climber could get over Harlow as defensive back and anyone trying to go round his arguments would be out of bounds, and for punting he carries the heaviest boot. Messrs. Sweet and Keller would act, interchangeably and intermittently, as referees and umpires, Elwell as announcer, Earle as water-boy, "Tommy" as the doctor and Miss Holmes as the Red Cross Nurse and Buchanan as head linesman (because he is used to carrying a cane).

*Martin is a Harvard footballer of fairly ancient vintage.

The Boston office welcomes the following additions to the staff and office:

Messrs. H. I. Carney	W. E. King
F. J. Dooling	J. F. Maher
L. J. Earnshaw	F. E. Moore
L. A. Glazier	J. E. Ready
R. S. Hill	Miss B. J. Reid
W. F. Hunnefield	Miss Ruth Snow
W. H. Huse	A. G. Vincent
E. D. Robinson	A. S. Wells
M. B. Shaw	F. E. Wilson
J. K. Tillotson	

Chicago

THE MYSTERY OF THE MISSING EDITOR

Lost, strayed or stolen since October, 1922. Name, Lord Ringer, alias

H C P, or Hen for short. In accordance with the best parliamentary procedure an "investigation" has been instigated to learn the hidden cause for our blank space in recent issues of the JOURNAL.

All clues are being followed and we believe it of interest to make public the channels through which we are working.

Knowing the Sheik-like propensities of our Chicago office editor (yes, it is true, for he has publicly admitted that he has often been taken for Mr. R. Valentino, especially since the purchase of a certain hat from a Chicago client), we have wired Hollywood, but no such hat as above mentioned has been seen there. In fact, they state that in their opinion no one would care to wear such a hat in that vicinity.

Advices from Turkey state that the Sultan has not seen this man of mystery near the ex-harem quarters, so that hunch has proved a flivver.

We have been confidentially informed that the editor was recently seen on 63d Street, walking at a rapid pace with what appeared to be a box of candy under his arm. On another occasion our informant passed him in the same neighborhood, but although the two work side by side in the office, the editor failed to recognize his friend and neighbor. This is a suspicious circumstance, as it is reported that at this passing the editor was accompanied by a lady of striking appearance.

Social leaders of the city have been interviewed, including a few wealthy widows, but no conclusive information has been secured upon which to solve the mystery.

One clue remains and it is hoped through it the mystery will be cleared up. It is well known that the editor devotes a great deal of thought and attention to his "Efficiency Box." Since this box should be of general interest to all L., R. B. & M. men, some explanation of it will be undertaken. It consists of a carefully fashioned container,

with a spring lid and of handsome appearance. In it has been collected every labor-saving device known to the accounting world, including trick pencils, hydraulic pressure feed pens, an automatic slide rule, multiplication, division and addition tables, pipe lighters, skeleton keys and handcuffs. A holler and tick machine is to be installed. Perhaps the editor's time has been devoted to other labor-saving inventions for this box and that when next heard from he will reveal something which will revolutionize the profession.

Perhaps we are oversuspicious and it may be that the only trouble is that our editor has merely lost his paste pot and scissors. However, any aid from other office sleuths will be welcomed by us in our search.

The Kountants Klux Kommittee.

Detroit

The leading article in the December, 1922, issue of *The Pace Student* was one by Mr. FitzGerald, manager of our Detroit office, on "Preparation for Executive Responsibilities." The article presented an address which Mr. FitzGerald had delivered at the Walsh Institute in Detroit. It embodied a comprehensive survey of the origin of organization in early times, when economic conditions were most primitive, and its development down to the present time, and then a consideration of the essential knowledge, training and duties of a general executive.

New York

Mr. Lybrand was a guest of the Autocar Company at the recent annual dinner of the National Automobile Chamber of Commerce. He reports that it was a most enjoyable occasion.

The audience was much entertained by the address of Will Rogers, who paid his respects, in the language of which he alone is capable, to the various kinds of automobiles that it had been his good fortune (or misfortune as he put it) to own. He also had much to say about the makers of the said automobiles, most of whom were present.

One very amusing feature of the evening's proceedings was the bestowal of mock decorations on several prominent automobile manufacturers. Our friend, Mr. David S. Ludlum, was selected as one of the recipients. It was good to observe the cordial esteem in which he is held by his associates, as evidenced by the warmth of the reception he received.

There is a lot of humor in the address which follows, but there is also one serious paragraph of which he should be proud. It is a good motto for any business. This is it—"Your greatest fame comes from the fact that you not alone preach but you practice cooperation among your employees and among your competitors."

Decoration of David S. Ludlum

PRESIDENT THE AUTOCAR
COMPANY

NATIONAL AUTOMOBILE CHAMBER OF
COMMERCE, INC.

Annual Dinner, Hotel Commodore, New
York, January 9, 1923

MR. LUDLUM:

We have often wanted to visit the Ardmore Kennels and see how you manage to breed them all twins. It is one of the marvels of the motor age that not one has ever been a Triplet. And we understand none has ever died after emerging from the Incubator.

When they are only a few hours old, we are told, you send them out into the world to make their own living.

After they have outlived their usefulness and return to their native Habitat for sympathy and rest, it seems you throw them into

some kind of a Vat and out they come again, as good as new. It's a wonderful system.

Your greatest fame comes from the fact that you not alone preach but you practice cooperation among your employees and among your competitors.

Through a quarter of a century of Prolific, Profitable Production you have carefully concealed both the secret of your success and your engine.

And yet, by persistence you have spread these chugging, bobbing disturbers of transportation over the face of the earth like wild rabbits.

The Saturation Point means no more to you than the Eighteenth Amendment.

The methods you employ to scatter these twin-ones is another secret. We do not recall having ever met one of your dealers. Aside from your Branches, you are probably the only manufacturer of trucks who could hold a convention of your dealers in a telephone booth and still have ample space for the expansion of your selling forces.

In Broadcasting this Boll Weevil of Motor Transportation you have not only done much to break down that great barrier to human progress and welfare known as sales-resistance, but you have thoroughly stabilized the commercial vehicle Kitchenette.

By hiding your miniature engine under the seat, in the most inaccessible position known to motor engineering science, you have made repairs practically impossible and reduced the cost of maintenance to a minimum.

(Signed) CHARLES CLIFTON,
President.

(SEAL)
NATIONAL AUTOMOBILE CHAMBER OF COMMERCE.

Colonel Montgomery is a member of the Committee on Bankruptcy which the Merchants Association has recently appointed from its membership. This committee is to strive for the reduction of the cost of and the minimizing of waste in bankruptcy proceedings. In due course the committee will report plans for the reform of bankruptcy procedure.

The committee has a very strong personnel, including such leading lawyers as former Attorney General Wick-ersham, prominent bankers and business men.

A quotation from a financial expert—Mr. Micawber of Charles Dickens' novel, "David Copperfield":

"Annual income, twenty pounds; annual expenditure, nineteen pounds. Result:—Happiness.

"Annual income, twenty pounds; annual expenditure, twenty pounds ten shillings. Result:—Misery."

On January 25th Mr. Staub addressed the Illinois Manufacturers' Association in Chicago on the subject of "Amortization Under the Income Tax Laws." The occasion was the annual tax conference which has been held by the association for several years past. At last year's conference Colonel Montgomery was one of the speakers.

The report of the conference which appeared in the *Chicago Journal of Commerce* of January 26th included the following synopsis of Mr. Staub's address:

Amortization allowances in the tax returns of manufacturers for the fall in value of plant facilities constructed for the production of articles contributing to the prosecution of the World War were discussed by Walter A. Staub, of Lybrand, Ross Brothers & Montgomery.

JUSTICE DEMANDS OFFSET

Mr. Staub referred to the consideration given to this subject by Congress when the 1918 Revenue Act was being framed. Justice required that taxpayers reporting profits subject to the stupendous rates of income and profits tax imposed on so-called war profits be permitted an offset for the loss in value of plants constructed for producing munitions and other war supplies. Further, Congress realized that if manufacturers were not permitted to make a deduction from their war profits for amortization of the cost of plant facilities constructed during the war period, the industrial initiative of the nation, so essential to success in waging the war, would be seriously crippled.

No manufacturer could have afforded to undertake the production of war supplies if he was to be taxed on the profits without being permitted to apply against the profits the fall in value of plants occasioned by the termination of the war.

He called attention to two misapprehension: under which manufacturers had been laboring. The first was that amortization allowances could be claimed only if the manufacturer had had war contracts. Another was that in view of the language of the 1921 Revenue Act the time had expired for the lifting of claims for amortization allowances. It was pointed out that the law providing for making such allowances makes no mention of Government contracts, but that reference is to the construction of plants "for the production of articles contributing to the prosecution of the war" and that this was a very broad phrase.

For example, if after April 5, 1917, a mining company had constructed a smelter for the smelting of copper ore, which then was sent to a refinery, from there to a brass works, then to an automobile factory, where it was used in the making of a truck, which was used to transport goods on the highways to relieve freight congestion, the smelter unquestionably contributed toward the prosecution of the war. A test of the correctness of this conclusion is that copper was supposed to be allotted by the War Industries Board only to essential industries.

MAY STILL CLAIM AMORTIZATION

The Solicitor of Internal Revenue has ruled that, while under the 1921 Revenue Act the time has expired for the filing of claim for amortization allowances applicable to the year 1921 or later, this does not apply to the years during which the 1918 Revenue Act was in force. Therefore, manufacturers may still make claims for amortization allowances, where justified, by filing amended returns for the years 1918, 1919 and 1920. It was pointed out that these years could ordinarily take care of most or all of the amortization allowances which could be claimed.

Attention was given by the speaker to the questions of what are the essentials of a claim for amortization, what plant costs may be amortized, the treatment of amortization allowances made to contractors by Government departments, what is "value in use," determination of post-war costs of replacement and similar questions.

Mr. A. F. Stock of our New York office was one of the speakers at the meeting of the Philadelphia Chapter of the National Association of Cost Accountants on December 8th. The title of his subject was "The Records Neces-

sary for the Handling of Manufacturing Materials and Supplies." His theme was that while organization truly was the first tool of management, still this organization could not function well without the use of records designed to secure information essential for making managerial decisions.

The Jersey members of the New York office staff will doubtless feel their chests swell with pride as they read the following, which is taken from a recent issue of *The Efficiency Magazine* published in London:

A REAL BUSINESS LIBRARY

The largest business library in the world is at Newark, a large town near New York. It contains 5,000 books on business, 5,000 pamphlets, 650 trade directories, 1,500 telephone directories, 400 trade papers and 4,000 maps.

It was built up by the patience of one man—John C. Dana. He has not only collected his books. He has advertised them, too. His library is used by about 400 people a day.

How many such libraries have we in Great Britain? I know of only three—at Finsbury, London; at Birmingham and at Dundee. Every large town should have one.

Griffis, Keville and MacAlevy are in South Carolina on important work. Lucky dogs to miss all the snow and slush we have had lately.

"THERE ARE SMILES"

Wynn, Peterson and Haldimand are the latest recruits to the Smile Club. The little ones arrived just in time to allow the happy fathers to claim the \$400 tax exemption for 1922.

Wynn met with a nasty accident when he slipped and fell down the steps of the Subway, cutting his head and bruising himself quite badly. He is all O. K. again now, apparently none the worse.

We are glad to welcome Tomlins back again to the staff. Tommy has returned to his "old love" and his 225 pounds avoirdupois will once more occupy a seat in the senior room.

Schlichtmann is another who has returned to the fold, he having rejoined the tax force during this month.

O. C. Buchanan is a familiar figure around the office, he being here temporarily from Boston.

Philadelphia

The following dispatch in the New York *Evening Post* announced the merger of two of Philadelphia's prominent financial institutions. Both of them have been clients of our firm for many years. A historical account of the Bank of North America appeared in the January, 1921, issue of the L. R. B. & M. JOURNAL.

PHILADELPHIA, December 21.—A \$10,000,000 bank merger was announced today when the directors of the Bank of North America and of the Commercial Trust Company met separately and approved a plan to consolidate under the name of the Bank of North America and Trust Company. The capital and surplus of the merged banks will be \$10,000,000.

The Bank of North America is the oldest in America, having been founded in 1781 by Robert Morris, as one of the results of financing the American Revolution. By acts of Congress, it is said to be the only national bank in the United States operating without the word "national" in its title.

The new institution will operate under the charter of the trust company. John H. Mason, president of the trust company, will become chairman of the board and E. Pussy Passmore, president of the National Bank and former governor of the Philadelphia Federal Reserve Bank, will be president of the new concern.

Seattle

At the November meeting of the Washington State Chapter of the National Association of Cost Accountants, Mr. James P. Robertson recounted his experiences as a delegate to the convention in Atlantic City. The present

disposition of his listeners, as a result of his report, is to arrange to participate in the enjoyment of the gathering in Buffalo next September.

We are sorry to observe that the supply of gas from Chicago was cut off during November and December and we hope there is nothing wrong with the Power.

Hire Out to Yourself

Some day, when you feel gay,
And you think you deserve a raise
For your valuable services,
I tell you what to do;
You put the shoe on the other foot and
hire out to yourself.

Just for a day or two,
Put yourself in your employer's place
And keep tab on the work you do.
Let's see!

You were late this morning.
Only ten minutes?

That's true, but whose time was it?

You took pay for it.

Therefore you sold it.

You can't sell eight hours time and
keep part of it—

Not unless you give short measure.

Then again, how about that passenger
you rubbed the wrong way?

Not your funeral, you say?

Maybe, but you are paid for building
business, not driving it away.

Now about that work you had to do
over?

You're not paid to be careless,

You're paid to do work well.

Not twice over,

But once, that's enough!

Then do it right!

That's what you would say

If you worked for yourself.

Hire out, then, to a man named

"You" and imagine it's up to you

To meet the payroll.

Then see what difference it makes

In point of view.

Say, try it once,

For a day or two.

Twenty-third Street Men.



